

payments for a managed care organization or for the Maryland Medical Assistance Program of a managed care organization that is a certified health maintenance organization:

- (i) if the loss ratio is less than 80% during calendar year 1997; and
- (ii) during each subsequent calendar year if the loss ratio is less than 85%.

(6) ~~¶~~A loss ratio reported under paragraph (5) of this subsection shall be calculated separately and may not be part of another loss ratio reported under this section.

(7) ~~¶~~ Any rebate received by a managed care organization may not be considered part of the loss ratio of the managed care organization.

(8) IF THE SECRETARY OF HEALTH AND MENTAL HYGIENE ADJUSTS CAPITATION PAYMENTS IN ACCORDANCE WITH FOR A MANAGED CARE ORGANIZATION OR A CERTIFIED HEALTH MAINTENANCE ORGANIZATION UNDER PARAGRAPH (5) OF THIS SUBSECTION, A THE MANAGED CARE ORGANIZATION OR THE MARYLAND MEDICAL ASSISTANCE PROGRAM OF A MANAGED CARE ORGANIZATION THAT IS A CERTIFIED HEALTH MAINTENANCE ORGANIZATION MAY:

(I) APPEAL THE DECISION OF THE SECRETARY TO THE BOARD OF REVIEW ESTABLISHED UNDER TITLE 2, SUBTITLE 2 OF THE HEALTH - GENERAL ARTICLE; AND

(II) TAKE ANY FURTHER APPEAL ALLOWED BY THE ADMINISTRATIVE PROCEDURE ACT UNDER TITLE 10, SUBTITLE 2 OF THE STATE GOVERNMENT ARTICLE.

15-605.1-

~~(A) THE SECRETARY OF HEALTH AND MENTAL HYGIENE, IN CONSULTATION WITH THE COMMISSIONER AND IN ACCORDANCE WITH THEIR MEMORANDUM OF UNDERSTANDING, MAY ADJUST CAPITATION PAYMENTS FOR A MANAGED CARE ORGANIZATION IF THE LOSS RATIO OF THE MANAGED CARE ORGANIZATION IS LESS THAN 85%.~~

~~(B) (1) THE SECRETARY SHALL CALCULATE THE MEDICAL LOSS RATIO THAT SERVES AS THE BASIS FOR A CAPITATION ADJUSTMENT:~~

~~(I) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, BASED ON THE AUDITED HEALTHCHOICE FINANCIAL MONITORING REPORT FILED BY THE MANAGED CARE ORGANIZATION;~~

~~(II) IN A MANNER THAT INCLUDES THE MEDICAL ADMINISTRATION EXPENSES OF A MANAGED CARE ORGANIZATION AS AN ELEMENT OF MEDICAL EXPENSES IN THE LOSS RATIO; AND~~

~~(III) ON A 3-YEAR AVERAGE LOSS RATIO BASED ON THE MEDICAL LOSS RATIOS OF THE PRECEDING 3 CALENDAR YEARS.~~